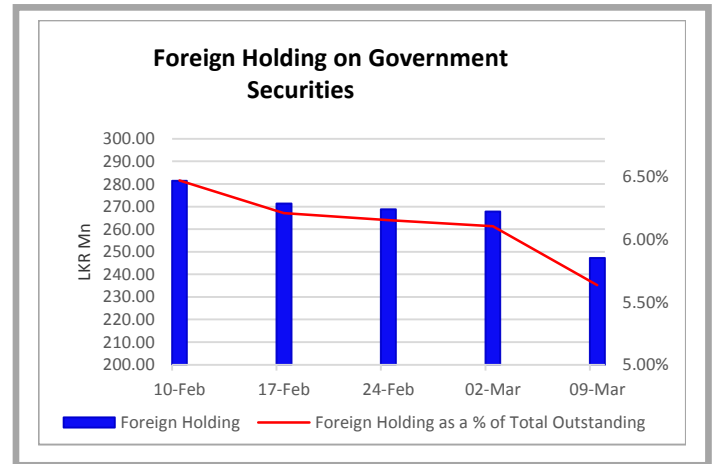
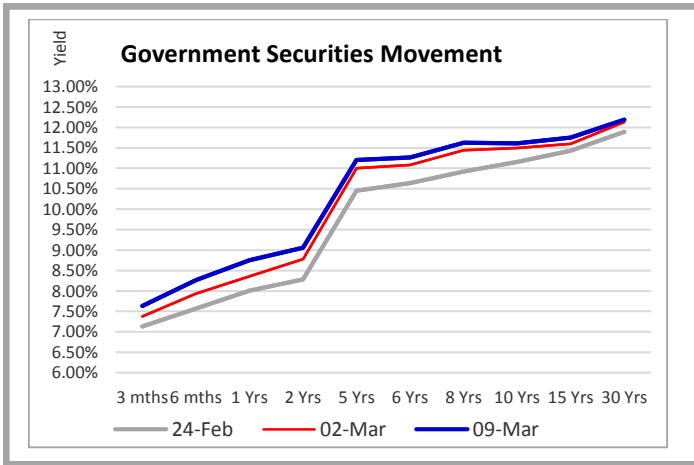
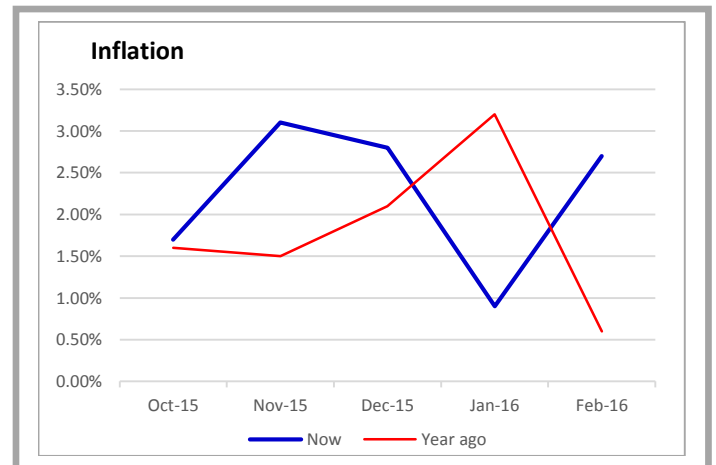
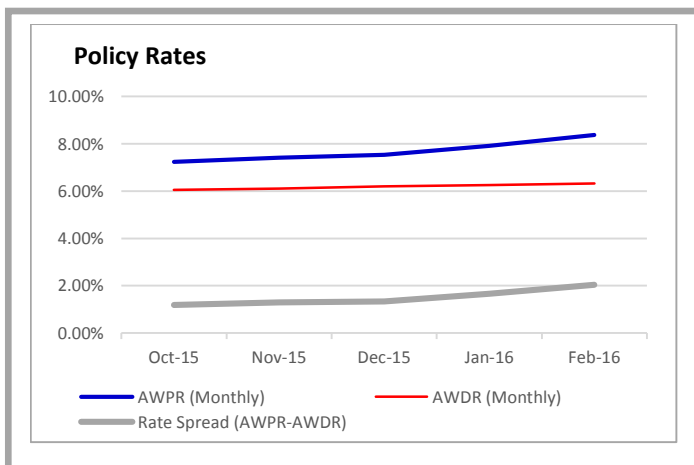


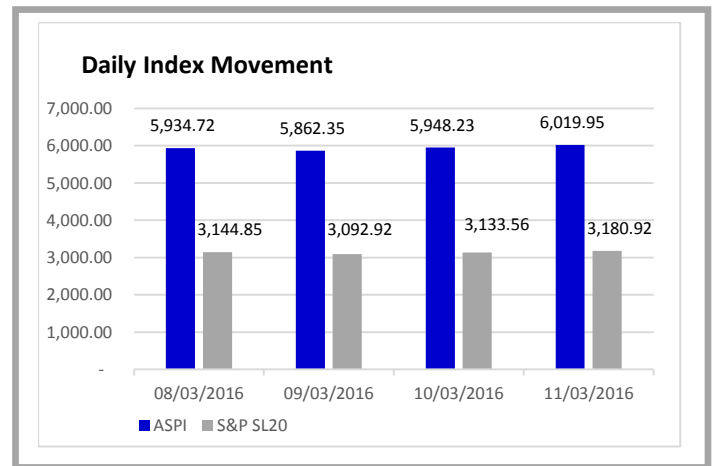
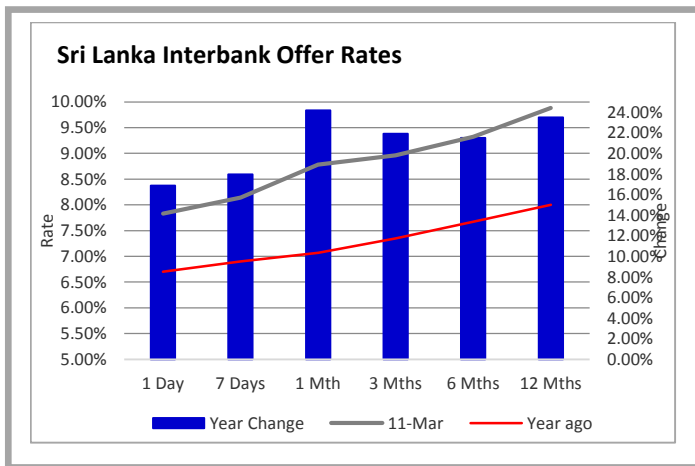
Economic Indicators: LKR/USD 144.84(0.14% WoW) AWPR: 8.57% (0.92% WoW) AWDR: 6.33% (1.11% MoM) ASPI: 6,019 (0.62% WoW) S&P SL20: 3,180 (0.74% WoW)



Market	Period	09-Mar	02-Mar	Change %
Secondary Market	3 months	7.63%	7.38%	3.39%
	6 months	8.27%	7.93%	4.29%
	1 Year	8.75%	8.36%	4.67%
	2 Years	9.06%	8.78%	3.19%
	5 Years	11.20%	11.00%	1.82%
	6 Years	11.27%	11.08%	1.71%
	8 Years	11.63%	11.44%	1.66%
	10 Years	11.61%	11.50%	0.96%
	15 Years	11.75%	11.60%	1.29%
	30 Years	12.19%	12.13%	0.49%

- Average Weighted Prime Lending Rate (AWPR): 8.57%. It has reduced by 08 bps compared to last week.
- Average Weighted Deposit Rate (AWDR): 6.33% (Feb), 6.26% (Jan).
- Average Weighted Fixed Deposit Rate (AWFDR): 7.75% (Feb) and 7.66% (Jan).
- SLIBOR Rates : 7.83% (1Day), 8.14%(7Days), 8.78%(1Month), 8.96%(3Months), 9.32%(6Months), 9.88%(1Yr).
- Inflation (Annual average change): 0.9% (Feb) and 0.7% (Jan).

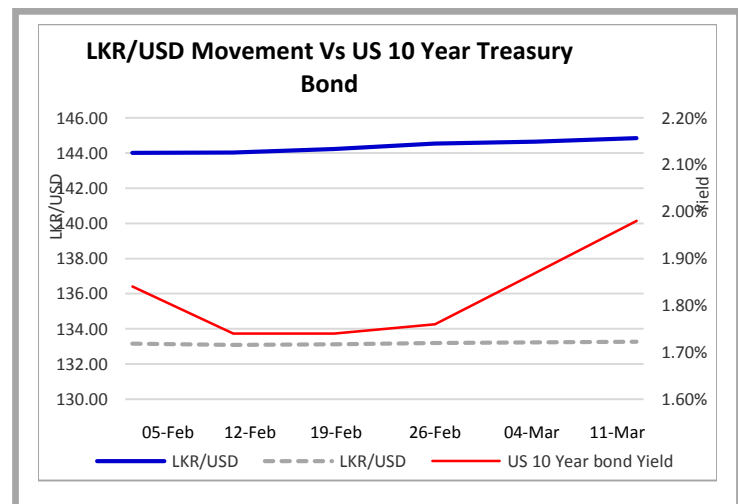




LKR Exchange Rate Movement

- LKR depreciated over the week by 0.14% against USD from LKR/USD 144.64 to 144.84.
- One month forward rate of LKR/USD is 145.21 (Last week 144.78).

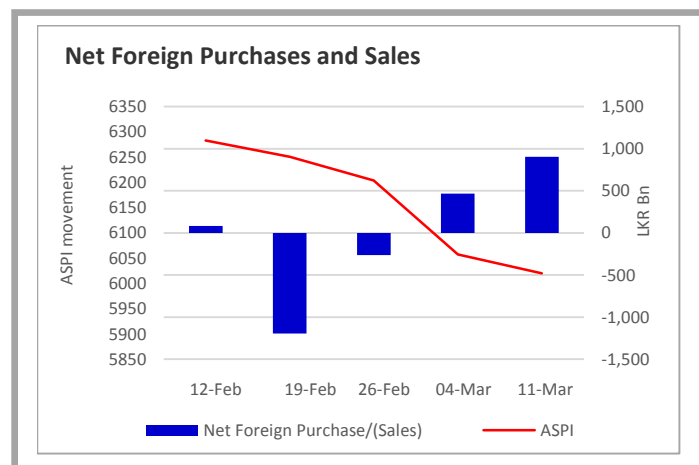
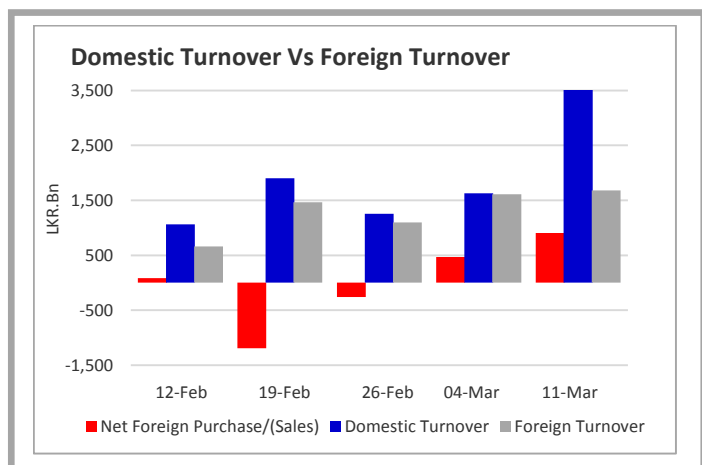
	12-Feb	19-Feb	26-Feb	04-Mar	04-Mar
INR 16	2.10	2.09	2.09	2.14	2.14
INR 15	2.12	2.13	2.14	2.14	2.14
RM 16	34.52	34.12	34.22	34.79	35.09
RM 15	36.69	36.68	36.84	36.62	35.78



Colombo Stock Exchange

- All Share Price Index: 6,019 points as at 11th Mar 2016.
- S&P 20: 3,180 points as at 11th Mar 2016.
- ASPI reduced by 37 points WoW which is 0.62%.
- S&P 20 reduced WoW by 23 points, reflecting a 0.74% negative variation.
- Net Foreign Inflow: LKR. 905 Mn.
- Last week recorded a Net foreign Inflow: LKR. 467 Mn.
- Market capitalization: LKR.2,572Bn which is 0.62% reduction compared to last week.
- Market PE: PE recorded as 15.64 in this week and it has reduced by 1.26% from the last week.

Price Index by Sector			
Top Gainers	This week	Pre. week	Change %
INFORMATION TECHNOLOGY	51.15	46.13	10.88%
POWER AND ENERGY	150.35	145.54	3.30%
TELECOMMUNICATIONS	168.17	162.82	3.29%
HEALTH CARE	861.33	846.18	1.79%
SERVICES	21,555.04	21,266.79	1.36%
Top Losers			
MOTORS	15,371.92	15,959.92	-3.68%
PLANTATIONS	614.42	634.18	-3.12%
BEVERAGE FOOD AND TOBACCO	20,716.64	21,086.30	-1.75%
STORES AND SUPPLIES	24,019.44	24,426.01	-1.66%
DIVERSIFIED HOLDINGS	1,530.81	1,553.61	-1.47%



Local News

The Indian Export & Import Bank will provide loan funding for three water supply projects in Sri Lanka. The first project is water project of Kundasale, Haragama. A population of about 300,000 will be benefited. The project contract cost is US\$ 172.13 million out of which US\$ 146.31 million will be funded by the Bank. The second project is the Aluthgama, Matugma and Agalawatta Integrated Water Supply Project. A population of about 450,000 will benefit. The project contract cost is US\$ 194 million and in which US\$ 164.9 million will be funded by the Bank. The next is the Alawwa, Polgawela, Potuhaera Integrated Water Supply project. A population of about 180,000 will benefit from this. The project cost is US \$ 108 million out of which US\$ 91.8 million will be funded by the Bank.

(Source: Daily News- 10.03.2016)

Standard & Poor's Ratings Services on Thursday revised the outlook on its 'B+' long-term sovereign credit ratings on Sri Lanka to negative from stable on rising fiscal and external imbalances. "We also affirmed the long-term rating and the 'B' short-term credit rating and left our transfer and convertibility risk assessment on Sri Lanka unchanged at 'B+'," Standard & Poor's said in a statement. "The negative outlook indicates that we could lower our rating on Sri Lanka in the next 12 months if we see no tangible signs of a substantial and sustained reversal of the weakening of external and fiscal credit metrics we currently project," they said. "We may revise the outlook back to stable if Sri Lanka's external and fiscal indicators improve significantly," they concluded.

(Source: LBO- 10.03.2016)

Sri Lanka's Prime Minister told Parliament that the government has decided to amend certain budget proposals applicable for this year. As per new amendments Statutory Income Tax has been increased from proposed 15 percent to 17.5 percent. The government has decided to suspend 2016 budget proposals on Corporate and Non Corporate income tax revisions by one year. Existing 2015 rates will apply for these two taxes. The government has also introduced Capital Gains Tax which has not been implemented in Sri Lanka from 1987. "We are imposing capital gains tax taking into consideration the increasing land and stock prices in the past decade," PM said. VAT has been simplified again to a single rate while increasing the rate to 15 percent from the current 11 percent.

(Source: LBO - 08.03.2016)

Foreign News

Mario Draghi delivered interest-rate cuts, more bond purchases and a potential subsidy to lenders in a renewed attack against the threat of deflation, before whipsawing the euro by saying the European Central Bank is done with lowering borrowing costs for now. The 25-member Governing Council, which met in Frankfurt on Thursday, reduced the rate on cash parked overnight by banks by 10 basis points to minus 0.4 percent and lowered its benchmark rate to zero. Bond purchases were increased to 80 billion euros (\$87 billion) a month from 60 billion euros, and corporate bonds will now be eligible. A new series of long-term loans to banks will begin in June. Based on the current view, "we don't anticipate it will be necessary to reduce rates further," Draghi said.

(Source: Bloomberg - 10.03.2016)

The number of Americans filing for unemployment benefits fell more than expected last week, hitting its lowest level since October, pointing to sustained strength in the labor market that should further dispel fears of a recession. Initial claims for state unemployment benefits declined 18,000 to a seasonally adjusted 259,000 for the week ended March 5, the lowest reading since mid-October, the Labor Department said on last Thursday. Jobless claims are being watched for signs of labor market weakness following a recent massive stock market sell-off that caused a tightening in financial market conditions amid slowing global growth and fears the U.S. economy was heading into recession.

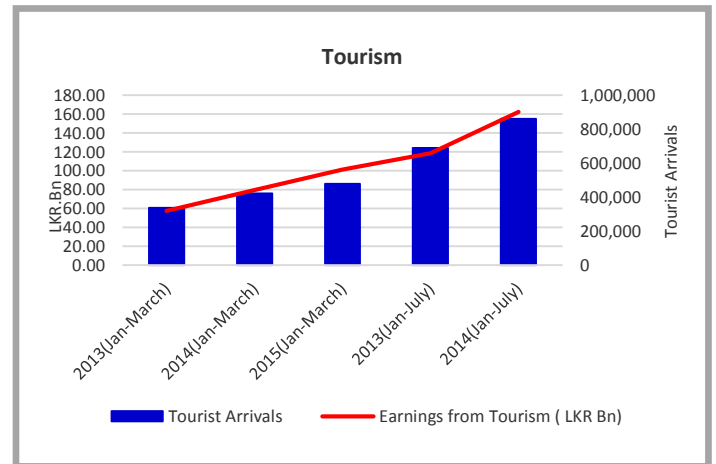
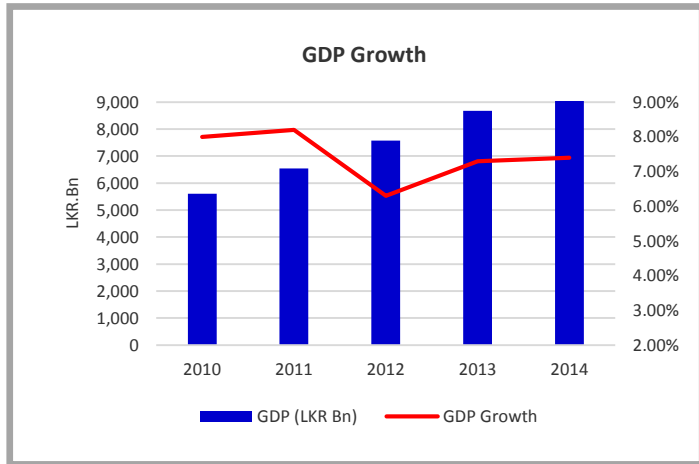
(Source: Reuters - 10.03.2016)

China has completed a draft version of the country's first e-commerce law to guide the sector's sound development, a lawmaker said Thursday. The draft will be submitted as early as possible to the Financial and Economic Affairs Committee of the National People's Congress (NPC) for review, said Uzhitu, vice chairman of the committee, at a press conference on the side lines of the annual parliamentary session. After that, the draft e-commerce law will be presented to the NPC Standing Committee for further reading, Uzhitu said. The legislation is necessary to deal with new problems in data protection and infringements upon customers' interests, he said.

(Source: China Daily - 10.03.2016)

GDP and Economy

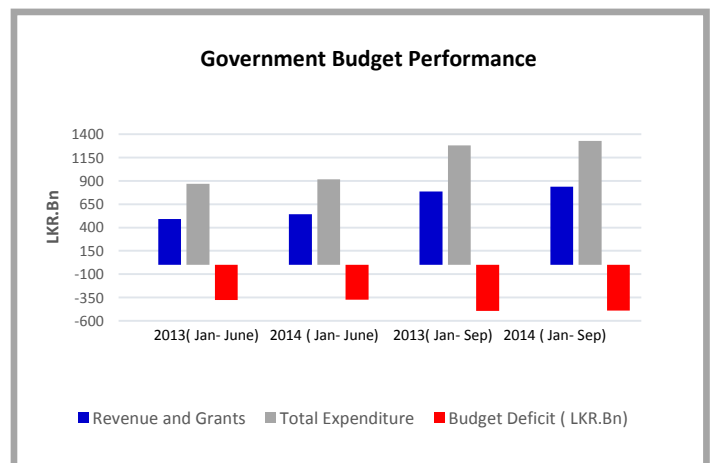
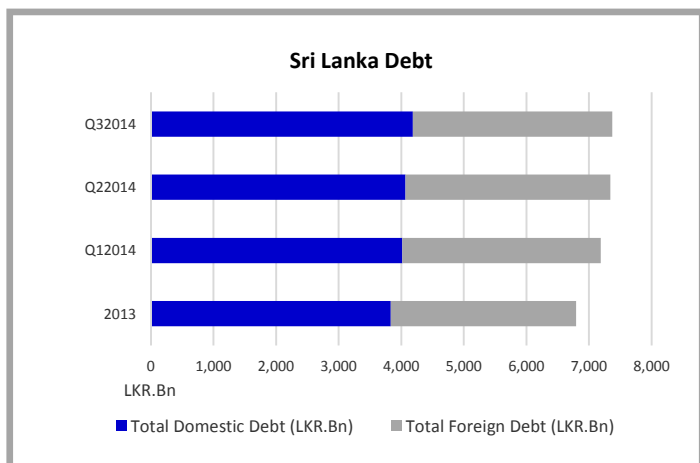
- The GDP of 2014 depicts a steady growth of 7.4% when compared to last year. The Service sector contribution was higher than the agriculture and industry sectors which was 57.6%.
- The agriculture sector, industry sector and Service sector real GDP recorded in 2014 (as per the prices in 2002) were LKR. 353,799Mn, LKR.1,132,892Mn and LKR. 2,019,973Mn respectively.
- Unemployment rate was 4.3% in 2014 compared to 4.4% in the previous year.

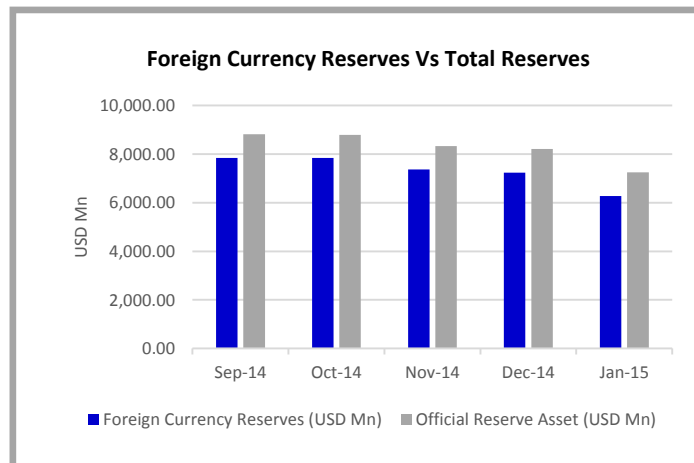
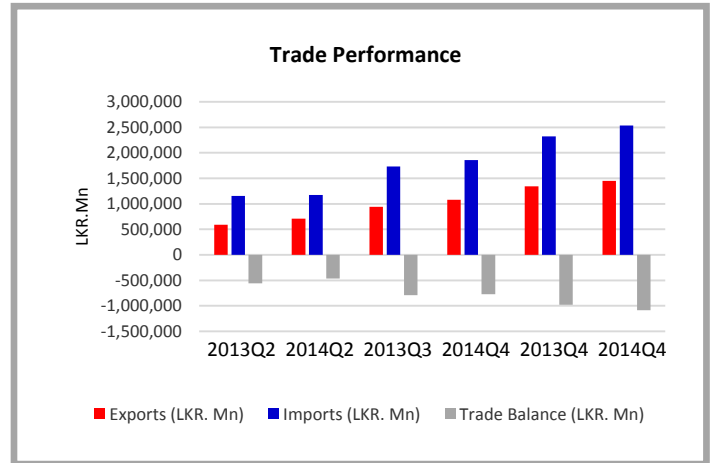
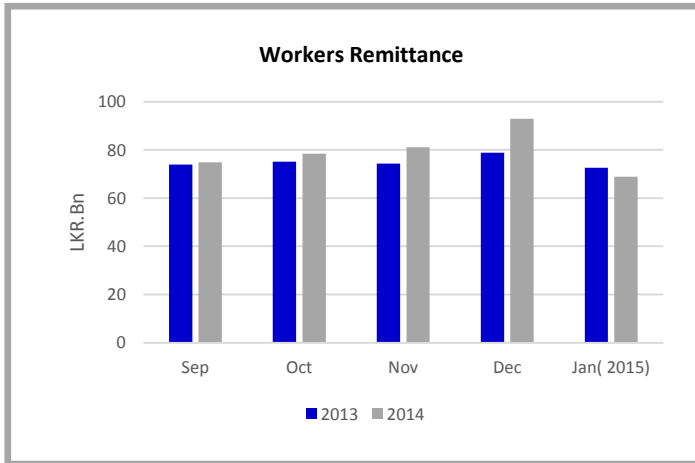


Sri Lanka Fiscal Performance

Debt service indicators improved during 2014. Debt service payments, which include amortization and interest payments declined to 11.0 per cent of GDP in 2014 from 13.4 per cent of GDP in the previous year. The ratio of total interest payments to GDP declined to 4.5 per cent in 2014 from 5.3 per cent in 2013, mainly due to the decline in domestic interest payments with lower interest rates in the market. Domestic interest payments to GDP declined to 3.4 per cent in 2014 from 4.1 per cent in 2013.

	2011	2012	2013	2014
GOVERNMENT DEBT/GDP (%)	78.5	79.2	78.3	75.5
DOMESTIC DEBT/ GDP (%)	42.9	42.7	44.2	43.7
FOREIGN DEBT % OF GDP	35.6	36.5	34.1	31.8
BUDGET DEFICIT/GDP (%)	-6.9	-6.5	-5.9	-5.2



Sri Lanka External Sector


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2. PORTFOLIO MANAGEMENT
3. CORPORATE RESTRUCTURING

Kenanga Investment Corporation Ltd (KICL) was established in Sri Lanka in 2007 and specializes in capital markets activities with core strengths in investment banking and fund management. KICL is the overseas investment arm of Malaysian listed company K & N Kenanga Holdings Berhad (KNKH), a long established financial group in Malaysia with 40 years of collective experience in equity broking.

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- Mergers and Acquisitions
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- Fixed Income Securities
- Kenanga Retirement Plan (KRP)

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- Balance Sheet Restructuring
- Corporate Restructuring

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